

Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet



Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

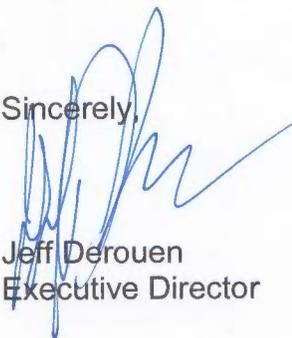
March 31, 2015

**PARTIES OF RECORD**

Re: Case No. 2015-00013

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum please do so within five days of receipt of this letter. If you have any questions, please contact Jonathan Beyer, Staff Attorney, at 502/782-2581.

Sincerely,



Jeff Derouen  
Executive Director

Enclosures

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File – Case No. 2015-00013  
**FROM:** Jonathan Beyer, Staff Attorney  
**DATE:** March 31, 2015  
**RE:** Telephonic Informal Conference of March 30, 2015

Pursuant to a Commission Staff notice, a telephonic conference call was held in this matter on March 30, 2015. A list of attendees is attached.

Commission Staff began the conference requesting information on the net present value of the savings resultant from the refinancing. Joni Hazelrigg, Fleming-Mason Energy Cooperative, Inc's ("Fleming-Mason) CEO, stated that the calculation would be provided. Staff next inquired whether one RUS note with a lower interest rate than the new refinanced rate could be retained. Ms. Hazelrigg indicated that Fleming-Mason had requested keeping the note, however, as a condition of the RUS mortgage Fleming-Mason is required to refinance all of its notes with RUS.

Staff questioned Fleming-Mason as to whether other lenders had been explored, why CoBank was chosen and whether the 3.26% interest rate is locked in. Ms. Hazelrigg responded that CSC had been investigated, however, the rate it offered was higher at 3.75%. She further stated that CoBank was chosen, because refinancing with the FFB program would prevent Fleming-Mason from financing through RUS in the future and Fleming-Mason prefers to retain that option. She stated that the 3.26% CoBank rate is now guaranteed.

After being requested by Staff, Fleming-Mason further agreed to provide a breakdown of the costs incurred in closing the loan, a copy of the approval letter from CoBank referenced in Fleming-Mason's Application that was not included in Exhibit 3, clarification regarding the Weighted Average Life column on Exhibit 3, Attachment B, page 4 of 10 and a correction as to the final payment date on the same document. Fleming-Mason also agreed to provide an explanation of the "1 Year Avg Loan Balance" column on page 9 of 10 on the same exhibit. Fleming-Mason agreed to provide through the Commission's electronic filing system all of the requested information by the end of the week, April 3, 2015.

Finding that no party had any further questions, the conference was adjourned.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF FLEMING-MASON ENERGY )  
COOPERATIVE, INC. FOR AUTHORIZATION TO ) CASE NO.  
BORROW \$14,309,162 FROM COBANK AND ) 2015-00013  
EXECUTE NECESSARY NOTE AND TO REPAY )  
RURAL UTILITIES SERVICE TREASURY NOTES )  
OF THE SAME AMOUNT )

March 30, 2015

Please sign in:

NAME

REPRESENTING

Jonathan Bayer

PSC

Fereydoon Gorjian

PSC/Engineering

Leah Faulkner

PSC/FA

Ron Handziak

PSC/FA

Murvin Suit

Fleming-Mason-counsel

Joni Hazelrigg

Fleming-Mason

Telephonically

\*Fleming-Mason Energy Cooperative, Inc.  
1449 Elizaville Road  
P. O. Box 328  
Flemingsburg, KY 41041

\*Joni Hazelrigg  
Fleming-Mason Energy Cooperative, Inc.  
1449 Elizaville Road  
P. O. Box 328  
Flemingsburg, KY 41041

\*Marvin W Suit  
Suit, Price, Price & Ruark, PLLC Attorneys at Law  
207 Court Square  
Flemingsburg, KENTUCKY 41041